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## **Kenya**

### **Grain and Feed**

### **Maize Update**

**2002**

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#### **Report Highlights:**

**Kenya's maize production is forecast to drop by about 10 percent in 2002/03. The decline is attributed to wide variability in onset, intensity and distribution of the long rains. Carryover stocks from the previous year will improve the general food security of the country. No major importations are expected. The biggest challenge facing the country is putting in place a proper strategic grain reserve and having an operational system to mitigate disasters.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Unscheduled Report  
Nairobi [KE1], KE

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## **Summary**

Kenya's maize production is estimated at about 2.5 million mt. for the year 2002/03. The decline in production is attributed to wide variability in onset, intensity, spatial and temporal distribution of the long rains. This compares badly with the year just ended which recorded a total of about 2.8 million mt. Overall the country has improved food supply attributed to carryover stocks from the previous year plus production from the present year.

The WFP's program for drought intervention ends in September 2002 at a time when the food aid pipeline is sufficient for the remainder of the year. The GoK has made plans to purchase surplus maize in the market to boost its commercial stock and increase government relief and strategic grain reserve stocks.

The biggest challenge facing the country is putting in place a proper strategic grain reserve and having an operational system to mitigate disasters.

(Exchange rate; kshs 78.8 = 1 USD)

## **Production**

### **Agro climatic conditions**

The 2002 long rains have concluded in most parts of the country, except the major grain producing regions situated in the central and the Rift Valley province. The long rains were characterized with wide variability in onset, intensity, spatial and temporal distribution. The rains began unseasonably earlier than usual (first weeks of March) in several parts of the country and only lasted about two weeks. These was followed by unexpected dry spell during the month of March(mid to late) that made the farmers confused. April recorded widespread and unusually heavy rains, except in some marginal agricultural districts and parts of the western agropastoral areas. These heavy rainfall caused flooding in the eastern pastoral districts and the areas surrounding the lake region. In mid May-early June the rains tailed off except in some parts of North Rift and Western Province. In mid July rainfall resumed in localized areas including the grain basket districts of the Rift Valley and areas surrounding the mount Kenya region.

### **Harvesting**

The early harvesting areas of the southern Rift valley and in the low land areas of central, eastern and Nyanza provinces have commenced harvesting. October is the main harvesting period for the major growing areas. Some areas have experienced premature tasseling an indication of inadequate moisture. The MOARD estimates long rain production at 1.9 million mt. and Short rains at 0.54 million mt. for the year 2002/03. This is down about 10 percent from the previous year just ended which recorded a total of about 2.8 million mt.

The larger grain borer (LGB) remains a continuing threat to stored maize for the farmers in Eastern province as illegal and ineffective pesticide continues to be sold to unsuspecting farmers. The LGB has caused a lot of problems for the grain typically stored on the farm causing both quantity and quality losses.

PSD Table						
Country	Kenya					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2002	Preliminary	2003	Forecast	2004
	Old	New	Old	New	Old	New
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	1570	1690	1500	1500	1600	1600
Beginning Stocks	400	597	600	485	177	75
Production	2700	2792	2430	2500	2700	2700
TOTAL Mkt. Yr. Imports	400	170	90	90	180	180
Oct-Sep Imports	400	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	3500	3559	3120	3075	3057	2955
TOTAL Mkt. Yr. Exports	0	180	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	50	38	40	0	50	50
TOTAL Dom. Consumption	2900	2894	2943	3000	2900	2900
Ending Stocks	600	485	177	75	157	55
TOTAL DISTRIBUTION	3500	3559	3120	3075	3057	2955

### Food security conditions and prospects

During the early part of 2002 food security improved significantly as harvesting of the 2001 long rains and short rains concluded. The rising supplies (both from harvest and previous stocks) resulted in dramatic reduction in maize prices, leading to significantly reduced returns for key producers. These low prices could lead to future reduced area under maize among key producers. The long rains experienced in 2002 also improved the food supply situation for the pastoralists. Water and forage availability remains favorable except in some localized areas.

The WFP's drought intervention programs ends its operation at the end of September. A good time since there is no serious food aid supply constraint. Should there be *el Nino* during the later part of the year, there may be a need to evaluate food aid requirements. At the moment the situation remains manageable by the GoK through its relief and strategic grain reserve stocks. However, the GoK's ability to rise to the occasion in times of need remains uncertain.

### Consumption

Maize consumption during the year 2001/02 was about 2.9 million mt. This was high compared to an average of about 2.8 million mt. It is estimated that during the MY 2002/03 consumption will be about 2.95 million mt. This figures are pegged on a national consumption estimate of 243,000 - 245,000 mt per month.

## **Trade**

The country experienced no commercial import of maize during the year 2001/02 mainly due to carry over stocks and good production. Famine relief and cross boarder trade accounted for about 170,000 MT. It is estimated that during the MY2002/03 Kenya will have some commercial imports estimated at about 90,000 mt. Due to the existing oversupply, need to have money for new crop purchase and lack of a strategic grain reserve by the GoK, NCPB exported about 180,000 mt. to southern Africa countries that are experiencing food shortages caused by civil strife, drought, flooding and population displacement among others.

## **Stocks**

During the MY2001/02 the country ended with closing stocks of about 485,000 mt. It is is estimated that closing stocks for MY2002/03 will reduce to about 75,000 mt. The exports of 180,000 mt dwindled the stocks. Presently the National Cereals and Produce Board (NCPB) has about 270,000 mt held in stocks, of which 90,000 MT is part of strategic grain reserve. The GoK has set aside kshs 1 billion for the purchase of maize to replenish the strategic grain reserve. On farm stocks remain substantial due to the simultaneous but unusual harvest of both the short and long rains crops.

## **Policy**

Since liberalization of the maize sub sector in 1995 there is little comprehensive policy for farmers and millers. There is a desire by some players to have a better functioning regulatory system since the sector is multi channel consisting of both government and private agents. Issues such as strategic grain reserve and regulatory system have yet to be adequately. For instance the GoK has yet to replenish its strategic grain reserve which could act as a cushion against future food shortages.

## Marketing

### Prices

During the year 2001/02 prices fluctuated from a high of kshs1,200 to a low of about kshs 400 per 90 kg bag. Presently the prices at a national level are about kshs 900-1,000. As harvesting picks in October this year prices are anticipated to slide downwards to about kshs 700 - 800, at farm gate.

Prices Table			
Country	Kenya		
Commodity	Corn		
Prices in	kshs	per uom	90kg bag
Year	2001	2002	% Change
Jan	1283	735	-42.71%
Feb	1256	720	-42.68%
Mar	1203	691	-42.56%
Apr	1149	688	-40.12%
May	1133	833	-26.48%
Jun	1080	916	-15.19%
Jul	966	941	-2.59%
Aug	930	853	-8.28%
Sep	863	825	-4.40%
Oct	754	818	8.49%
Nov	730	758	3.84%
Dec	730	763	4.52%
Exchange Rate	78.8	Local currency/US \$	

(The 2002 prices for September, October, November and December are forecasts)

The National Cereals and Produce Board has released the long awaited payment (for maize already delivered) to farmers (kshs 46.3 million). NCPB, a major buyer that had previously withdrawn from buying due to lack of funds, is now preparing to purchase maize in the market to boost its commercial stocks and increase government relief and the strategic grain reserve. There is however anticipated downward pressure on maize prices due to lack of trust of NCPB by farmers. The low prices will pose marketing difficulties which if not properly managed could lead to reduced maize production jeopardizing future food security in the country.